

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF THE MILWAUKEE JOURNAL SENTINEL TO NOTICE OF INQUIRY NO. 1

The Milwaukee Journal Sentinel is a 130-year old Pulitzer Prize winning newspaper serving readers and advertisers in the greater Milwaukee, Wisconsin market. The Milwaukee Journal Sentinel is owned by Journal Sentinel Inc., which is a wholly owned subsidiary of Journal Communications Inc. a Wisconsin corporation. Journal Sentinel Inc., and its affiliate Journal Community Publishing Group Inc., a Wisconsin corporation, also owns shoppers, newspapers and magazines which are delivered by the US Postal Service.

We submit this declaration in support of NAA's Response to Notice of Inquiry No. 1

We oppose the proposed Valassis NSA due to the disruptive and damaging competitive impact it would cause in our market and among our customers. Our newspapers and shoppers would face an even more unequal playing field as we attempt to compete with Valassis for preprint advertisements from our durable and semi-durable goods advertisers. With an even greater Postal Service-subsidized pricing advantage on its side, Valassis could lure these retail advertisers and sign them to multi-month contracts, effectively shutting our publications out of any meaningful longer-term competitive opportunity or ability to use the Postal Service to deliver our products that compete with Valassis.

Response To Questions

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 22% of total advertising revenues (including ROP, classified, and digital advertising), 26% of total print advertising revenue, and 79% of total preprint advertising revenue.

2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 21% of total advertising revenues (including ROP, classified, and digital advertising), 25% of total print advertising revenue, and 71% of total preprint advertising revenue.

Our newspapers distribute Total Market Coverage products midweek to subscribers, single copy buyers and non-subscribers. These packages contain advertising for area grocery stores, general merchandisers, hardware and building supply outlets and home and garden stores. These packages also include inserts from national retailers of durable and semi-durable goods advertisers, pieces which support the viability of our Total Market Coverage products.. They are an important source of both advertising revenue and circulation sales appeal to our customers, and – as such – represent a means of supporting our journalism and our service to our communities.

Our Milwaukee newspaper has had recent experience with both private delivery carriers and the USPS to deliver our TMC products. In March 2009, we began a transition to a private carrier that was fully complete by December 2009. In October 2010, we completed a move back to the Postal Service. These transitions affected the quantities and Postal revenues reported below.

3. For fiscal year 2011, we estimate that we distributed 23.5 million packages of TMC advertising inserts including which may have displayed durable and semi-durable goods from national retailers via the Postal Service. These packages weighed 7.535 million pounds. We did not deliver through private delivery carriers or through other delivery methods in 2011.
4. For fiscal year 2010, we estimate that we mailed approximately 6.3 million packages of TMC product including durable and semi-durable goods from national retailers via the Postal Service, for which we paid the Postal Service approximately \$1.3 million.
5. For fiscal year 2011, we mailed approximately 23.5 million packages of TMC product for which we paid the Postal Service approximately \$4.8 million.
6. We estimate that the Postal Service will lose approximately \$2.45 million annually from our TMC postage if the Valassis NSA is approved.

“I verify under penalty of perjury that the foregoing is true and correct.”

Executed on June 29, 2012.

Journal Sentinel, Inc.

By: /s/ Elizabeth Brenner

Elizabeth Brenner  
President and Publisher  
Journal Sentinel, Inc.  
333 W State Street  
Milwaukee, WI 53203  
(414) 224-2954